

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3642 - HB 3746**

February 16, 2010

**SUMMARY OF BILL:** Effective July 1, 2011, establishes the “Registered Interior Designers Act” which requires persons who practice interior design to apply for and obtain registration with the Department of Commerce and Insurance. Authorizes registered interior designers to prepare non-structural interior design plans for various occupancies for the purpose of obtaining a building permit from the appropriate authority. Exempts duly licensed architects, engineers, or landscape architects from the additional licensing requirements. Exempts persons who provide consultation for interior decorating, and kitchen and bath design from the licensing requirements as long as the title “registered interior designer” is not used to promote their work. Establishes the education and experience requirements for licensure. Requires that any interior design work completed in connection with home improvement activities be performed by a registered interior designer. Requires registered interior designers to pay a privilege tax to the Department of Revenue. Violations are punishable as a Class B misdemeanor.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue - \$410,000/FY11-12/General Fund  
\$450,000/FY12-13 and Subsequent Years/General Fund  
\$97,500/FY11-12/Board of Architectural and Engineers Examiners  
\$19,500/FY12-13/Board of Architectural and Engineers Examiners  
\$70,000/Biennially beginning FY13-14/Board of Architectural and Engineers Examiners**

**Increase State Expenditures - \$7,500/One-Time/FY11-12/Board of Architectural and Engineers Examiners  
\$33,100/FY11-12 and Subsequent Years/Board of Architectural and Engineers Examiners**

**Increase Local Revenue – Not Significant  
Increase Local Expenditures – Not Significant**

Assumptions:

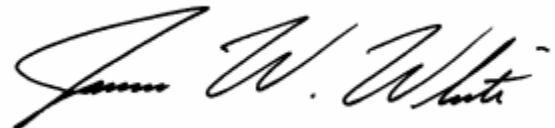
- An estimated 525 registered interior designers would be grandfathered into the program for registration and licensure.

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- An estimated 500 additional registrants in the first year with 100 per year thereafter.
- Professional privilege tax of \$400 per registrant.
- Increase in state revenue from professional privilege tax is estimated to be \$410,000 in FY11-12 (500 new registrants + 525 current designers x \$400).
- Increase in state revenue from professional privilege tax is estimated to be \$40,000 in FY12-13 and subsequent years (100 new registrants x \$400).
- Application fees of \$55. Registration and biennial renewal fee of \$140.
- Increase state revenue from application and license fees in FY11-12 is estimated to be \$97,500 [\$27,500 (\$55 application fee x 500 new applicants) + \$70,000 (\$140 registration fee x 500 registrants)].
- Increase in state revenue from application and license fees in FY12-13 is estimated to equal \$19,500 [\$5,500 (100 x \$55 application fee) + \$14,000 (100 x \$140 registration fee)]
- Increase in state revenue from license renewal fees beginning in FY13-14 and biennially thereafter is estimated to be \$70,000 (\$140 renewal fee x 500 licensees).
- There will be a one-time increase in expenditures to the Board of Architectural and Engineers Examiners of \$7,500 for a rule-making hearing.
- The Board of Architectural and Engineers Examiners currently has a vacant position that will be filled to administer this program. The recurring increase in state expenditures for filling this position is estimated to be \$33,061 (\$21,821 salary + \$11,240 benefits).
- Any cost associated with processing complaints related to the additional licensure requirements can be accommodated within existing Board resources.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. As of June 30, 2009, the Board had a positive balance of \$598,079.52.
- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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